

Program A: State Group Benefits Program

Program Authorization: Act 745 of 1979; Executive Order No. McK 69-70; R.S. Title 42, Chapter 12, Sections 821, 851, and 871-879

PROGRAM DESCRIPTION

The mission of the State Group Benefits Program is to provide cost-effective, high-quality health, life and flexible benefit plans, distinguished by efficient and effective customer service. The goal of the State Group Benefits Program is to develop and explore a multitude of benefit options that will appeal to a diverse workforce. These options will include multi-priced plans, indemnity and manage care options as well as adding certain core dental and vision options to these plans.

The State Group Benefits Program provides the opportunity for eligible individuals to obtain group accident and health benefits and group life insurance geared to the needs of the plan members. A Board of Trustees administers this program and provides direction in developing cost containment features in order that an affordable group insurance program may be available to its plan members.

OBJECTIVES AND PERFORMANCE INDICATORS

Unless otherwise indicated, all objectives are to be accomplished during or by the end of FY 2000-2001. Performance indicators are made up of two parts: name and value. The indicator name describes what is being measured. The indicator value is the numeric value or level achieved within a given measurement period. For budgeting purposes, performance indicator values are shown for the prior fiscal year, the current fiscal year, and alternative funding scenarios (Continuation Budget level and Executive Budget recommendation level) for the ensuing fiscal year (the fiscal year of the budget document).

1. (KEY) To pay health claims within an average of 20.31 days.

LEVEL	PERFORMANCE INDICATOR NAME	PERFORMANCE INDICATOR VALUES					
		YEAREND PERFORMANCE STANDARD FY 1998-99	ACTUAL YEAREND PERFORMANCE FY 1998-99	ACT 60 PERFORMANCE STANDARD FY 1999-2000	EXISTING PERFORMANCE STANDARD FY 1999-2000	AT CONTINUATION BUDGET LEVEL FY 2000-2001	AT RECOMMENDED BUDGET LEVEL FY 2000-2001
K	Average turnaround time for health claim payments (in days) ¹	16.46	20.27	20.31	20.31	20.31	20.31
K	Number of group health and accident claims processed	3,130,226	3,140,106	3,368,981	3,368,981	3,587,965	3,587,965
K	Amount of health and accident claims payments (in \$ millions)	\$257.5	\$259.7	\$294.3	\$294.3	\$301.8	\$301.8
S	Number of HMO members	41,355	40,798	24,743 ²	24,743 ²	30,000	30,000
S	Number of indemnity plan members	74,014	76,795	92,257	92,257	98,000	98,000

¹ Average turnaround time represents the length of time between receipt of claim and process date. Check cycle timing and cash management tools can add an additional 5 to 7 days to this time period before a check is issued.

² The change in these figures reflects Advantage Health Care withdrawing from State Group Benefits and Ochsner Health Services no longer excepting new members. All new employees are enrolled in State Group Benefits.

RESOURCE ALLOCATION FOR THE PROGRAM

	ACTUAL 1998-1999	ACT 60 1999- 2000	EXISTING 1999- 2000	CONTINUATION 2000 - 2001	RECOMMENDED 2000 - 2001	RECOMMENDED OVER/(UNDER) EXISTING
MEANS OF FINANCING:						
STATE GENERAL FUND (Direct)	\$0	\$0	\$0	\$0	\$0	\$0
STATE GENERAL FUND BY:						
Interagency Transfers	0	0	0	0	0	0
Fees & Self-gen. Revenues	484,380,593	510,064,300	510,121,550	532,871,767	532,882,791	22,761,241
Statutory Dedications	0	0	0	0	0	0
Interim Emergency Board	0	0	0	0	0	0
FEDERAL FUNDS	0	0	0	0	0	0
TOTAL MEANS OF FINANCING	<u>\$484,380,593</u>	<u>\$510,064,300</u>	<u>\$510,121,550</u>	<u>\$532,871,767</u>	<u>\$532,882,791</u>	<u>\$22,761,241</u>
EXPENDITURES & REQUEST:						
Salaries	\$10,084,153	\$11,205,705	\$11,514,384	\$11,835,184	\$11,580,353	\$65,969
Other Compensation	433,413	466,758	466,758	466,758	466,758	0
Related Benefits	1,919,937	2,253,641	2,687,377	2,727,277	2,774,719	87,342
Total Operating Expenses	4,630,718	6,018,088	6,236,035	6,767,931	6,774,330	538,295
Professional Services	1,803,564	1,891,300	2,427,925	2,449,917	2,808,961	381,036
Total Other Charges	464,155,969	486,434,111	484,937,124	506,559,605	506,412,575	21,475,451
Total Acq. & Major Repairs	1,352,839	1,794,697	1,851,947	2,065,095	2,065,095	213,148
TOTAL EXPENDITURES AND REQUEST	<u>\$484,380,593</u>	<u>\$510,064,300</u>	<u>\$510,121,550</u>	<u>\$532,871,767</u>	<u>\$532,882,791</u>	<u>\$22,761,241</u>
AUTHORIZED FULL-TIME						
EQUIVALENTS: Classified	355	392	392	392	391	(1)
Unclassified	3	4	4	4	4	0
TOTAL	<u>358</u>	<u>396</u>	<u>396</u>	<u>396</u>	<u>395</u>	<u>(1)</u>

SOURCE OF FUNDING

This program is funded from Self-generated revenues including premiums collected from plan members and their employers, as well as earnings of program funds.

ANALYSIS OF RECOMMENDATION

GENERAL FUND	TOTAL	T.O.	DESCRIPTION
\$0	\$510,064,300	396	ACT 60 FISCAL YEAR 1999-2000
			BA-7 TRANSACTIONS:
\$0	\$57,250	0	Non-Recurring Carry Forward adjustment for computer equipment
\$0	\$510,121,550	396	EXISTING OPERATING BUDGET – December 3, 1999
\$0	\$114,600	0	Annualization of FY 1999-2000 Classified State Employees Merit Increase
\$0	\$114,600	0	Classified State Employees Merit Increases for FY 2000-2001
\$0	\$81,062	0	State Employee Retirement Rate Adjustment
\$0	(\$19,885)	0	Risk Management Adjustment
\$0	\$2,065,095	0	Acquisitions & Major Repairs
\$0	(\$1,794,697)	0	Non-Recurring Acquisitions & Major Repairs
\$0	(\$57,250)	0	Non-Recurring Carry Forwards
\$0	\$6,952	0	Legislative Auditor Fees
\$0	(\$719)	0	Maintenance of State-Owned Buildings
\$0	(\$234)	0	UPS Fees
\$0	\$95,200	0	Salary Base Adjustment
\$0	(\$262,656)	0	Attrition Adjustment
\$0	(\$24,957)	(1)	Personnel Reductions
\$0	(\$65,968)	0	Salary Funding from Other Line Items
\$0	\$6,399	0	Civil Service Fees
\$0	\$17,629,536	0	Workload Adjustments - Additional funding required for health claims payments due to the enrollment of Vernon Parish School Board (enrolled September 1999) and the St. Landry Parish School Board (enrolled January 2000) into the program
\$0	\$3,862,487	0	Workload Adjustments - Additional funding for prescription drugs due to the anticipated increase in enrollment and usage
\$0	\$21,992	0	Other Annualizations - Professional service contract funding for computer imaging services
\$0	\$52,500	0	Other Adjustments - Funding associated with preparing and printing the preferred provider options (p.p.o.s)
\$0	\$123,740	0	Other Adjustments - Funding for the required bi-annual audit of this program by the Department of Insurance
\$0	\$859,044	0	Other Adjustments - Funding associated with the annual payment of a three year purchase agreement for a new imaging system and computer technical services - the present invoicing/billing system was not Y2000 compliant
\$0	(\$81,062)	0	Other Adjustments - Other Charges reduced to fund the State Employee Retirement Rate Adjustment
\$0	\$35,462	0	Other Adjustments - Civil Service initiated reallocations
\$0	\$532,882,791	395	TOTAL RECOMMENDED
\$0	\$0	0	LESS GOVERNOR'S SUPPLEMENTARY RECOMMENDATIONS
\$0	\$532,882,791	395	BASE EXECUTIVE BUDGET FISCAL YEAR 2000-2001

			SUPPLEMENTARY RECOMMENDATIONS CONTINGENT ON SALES TAX RENEWAL:
\$0	\$0	0	None
\$0	\$0	0	TOTAL SUPPLEMENTARY RECOMMENDATIONS CONTINGENT ON SALES TAX RENEWAL
			SUPPLEMENTARY RECOMMENDATIONS CONTINGENT ON NEW REVENUE:
\$0	\$0	0	None
\$0	\$0	0	TOTAL SUPPLEMENTARY RECOMMENDATIONS CONTINGENT ON NEW REVENUE
\$0	\$532,882,791	395	GRAND TOTAL RECOMMENDED

The total means of financing for this program is recommended at 104.5% of the existing operating budget. It represents 99.7% of the total request (\$534,534,389) for this program. The expanded participation of two new school boards enrolling into the program accounts significantly for the increase of total recommended over existing operating budget. Projected increased usage and cost of prescription drugs attribute to the additional funding for this program for Fiscal Year 2001. This program sought additional administrative funding (\$1,043,980) and personnel (29 t.o.) to address the added workload. Additionally, \$719,034 and five positions were requested to expand internal and external review of claims as required by state statute. These enhancements were not included in the total recommended due to budget constraints statewide.

PROFESSIONAL SERVICES

\$360,000	Actuarial Services for rate calculations, claims projections, etc.
\$45,000	Medical and Dental consultation to expedite the processing of medical claims
\$78,992	Medical assistance for the appropriate processing of medical claims and case management treatment plans by the board and its personnel.
\$300,000	Technical Assistance for computer programming/testing services for newly acquired computer equipment and other computer related needs
\$349,969	Technical Assistance for computer/consulting services for Imaging
\$10,000	Technical Assistance to design an Internet Worldwide Website to improve communications with all of its customers
\$50,000	Technical Assistance, Training and Program services for the Cafeteria Plan software
\$65,000	Legal services, for consultation, advice and recommendations regarding human resource and insurance matters
\$1,550,000	Utilization Review - pre-certification of inpatient hospital confinements, case management, etc.
\$2,808,961	TOTAL PROFESSIONAL SERVICES

OTHER CHARGES

\$1,168,086	Cafeteria Plan Payments
\$965,000	Dependent Life Payments
\$123,740	Department of Insurance - audit of program
\$301,812,562	Health Claims Payments
\$88,462,504	Health Maintenance Organization Payments
\$1,000	Hospital Audit Fees
\$101,000	Legal Fees/Settlements
\$130,126	Legislative Auditor expenses

\$24,320,152	Life Claims Payments
\$315,000	Louisiana Health Insurance Association
\$6,000,000	Mental and Nervous Disorder Claim Payments
\$83,013,405	Paid Prescriptions
\$506,412,575	TOTAL OTHER CHARGES

ACQUISITIONS AND MAJOR REPAIRS

\$108,000	Six (6) replacement vehicles to be used as regional pool cars to visit hospitals and agencies; and to enroll and train new participant groups
\$283,095	Replacement office equipment including modular chairs, fax machine, desks, file cabinets, telephones, and phone accessories
\$15,000	Five (5) replacement laptop computers to replace older model 386 and 486's.
\$300,000	One hundred fifty (150) personal computers with 64 + MB RAM (Pentium level) to replace old 486 and 386 machines as the agency moves to Microsoft office products for greater staff efficiency. One hundred fifty (150) network cards
\$900,000	One (1) server replacement for one dual processor on the Novell Network. This server will be replaced with a Pentium Server in order to increase speed and throughput on the network.
\$24,000	Twenty (20) laser printers to replace older IBM 4019 printers with new HP printers for printing images
\$400,000	Two (2) server upgrades to replace 570 series to enhance throughput and response time of RIMS system
\$35,000	One (1) communications upgrade that will include changes to the network for new connectivity to remote sites and third party vendors. Enhancements to the "mail" server included.
\$2,065,095	TOTAL ACQUISITIONS AND MAJOR REPAIRS